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~~CIA/~~DI... ~~INSITREP 95-001~~

International Narcotics Review

Special Focus on Mexico

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APPROVED FOR RELEASE
(S) (3)
DATE: JUL 2004

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DI IN SITREP 95-001
January 1995

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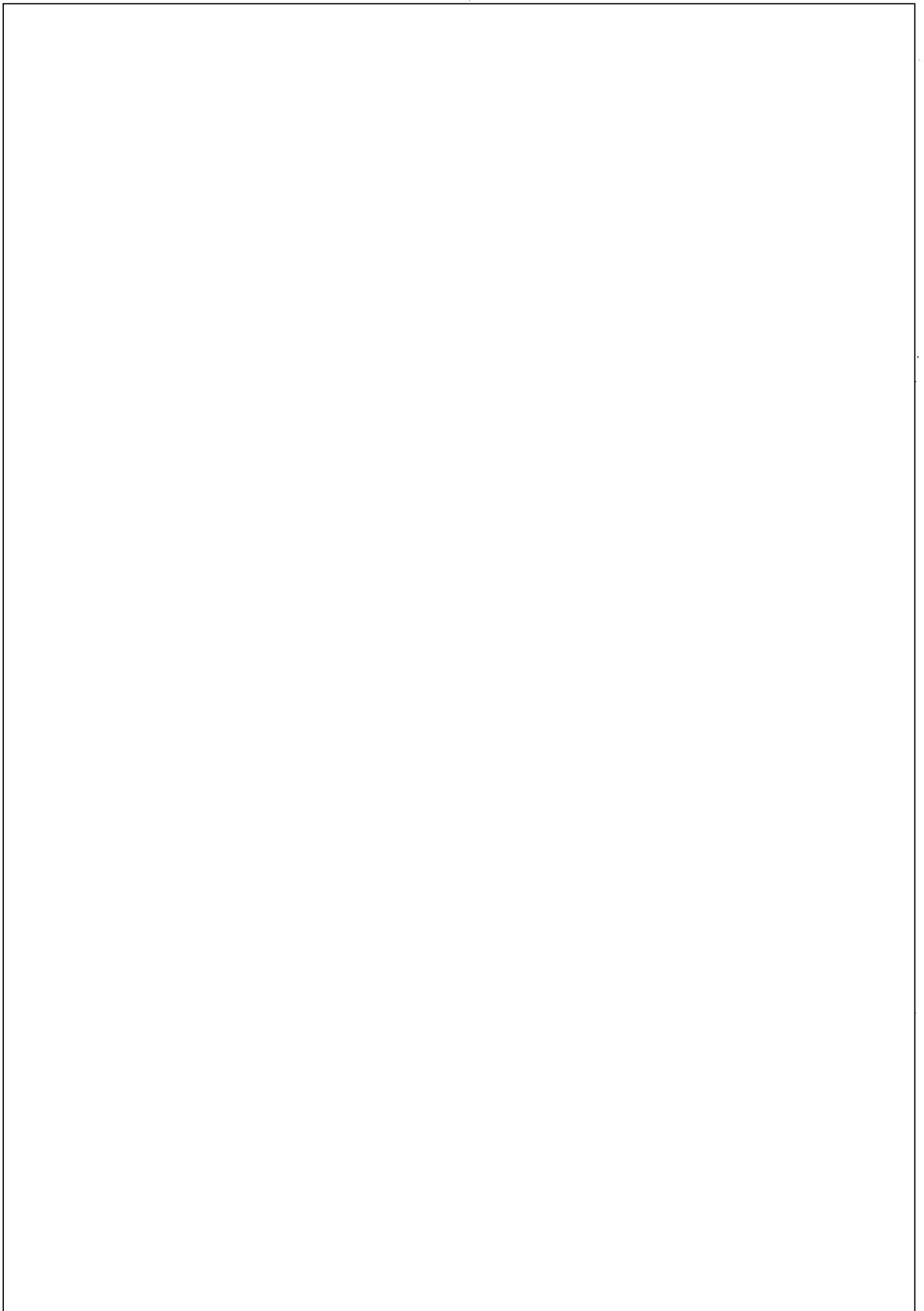
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Mexican Trafficking Organizations: Moving From Blue Collar to
White Collar



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Perspective

Mexico: Counternarcotics Under Zedillo

President Ernesto Zedillo has inherited a counternarcotics program still struggling to reduce the flow of cocaine, marijuana, and heroin into the United States:

Beginning To Establish an Antidrug Agenda

His choice for attorney general, the first opposition party member ever selected for a cabinet position, has announced plans to clean up the Attorney General's office—Mexico's lead antidrug agency—and its action arm, the Mexican Federal Judicial Police.

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Some New Directions

Reflecting his strong technocratic background, Zedillo is rethinking Mexico's counternarcotics program and is considering some changes that may be inconsistent with US objectives. Zedillo, for example, says that he favors shifting to a more international focus on counternarcotics. Although the details of this shift—beyond calling for an international conference on drug issues—have yet to be established, the President's position is in line with some other Latin American governments—including Peru and Colombia—and reflects growing dissatisfaction in the region with US pressure on counterdrug performance issues.

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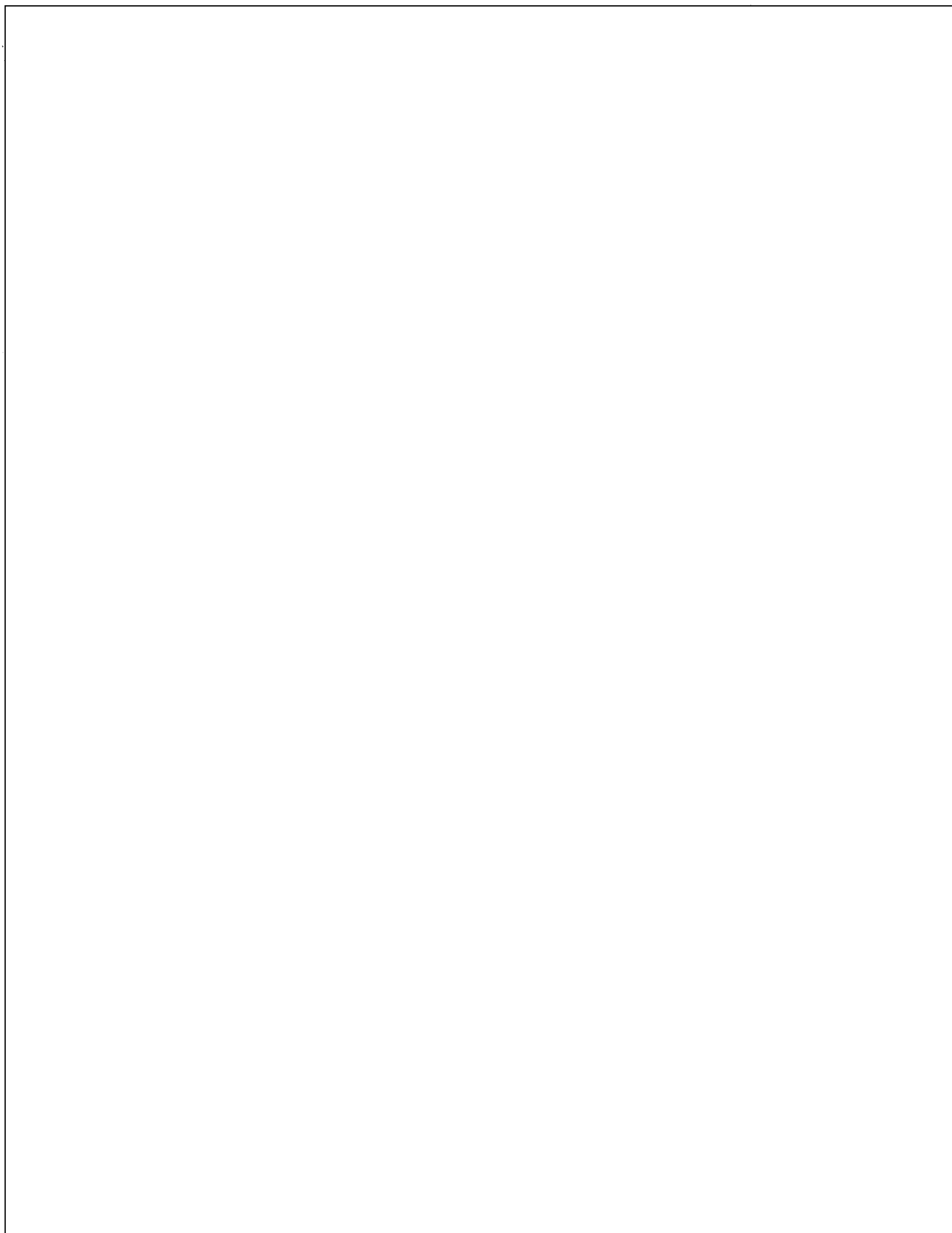
Implications

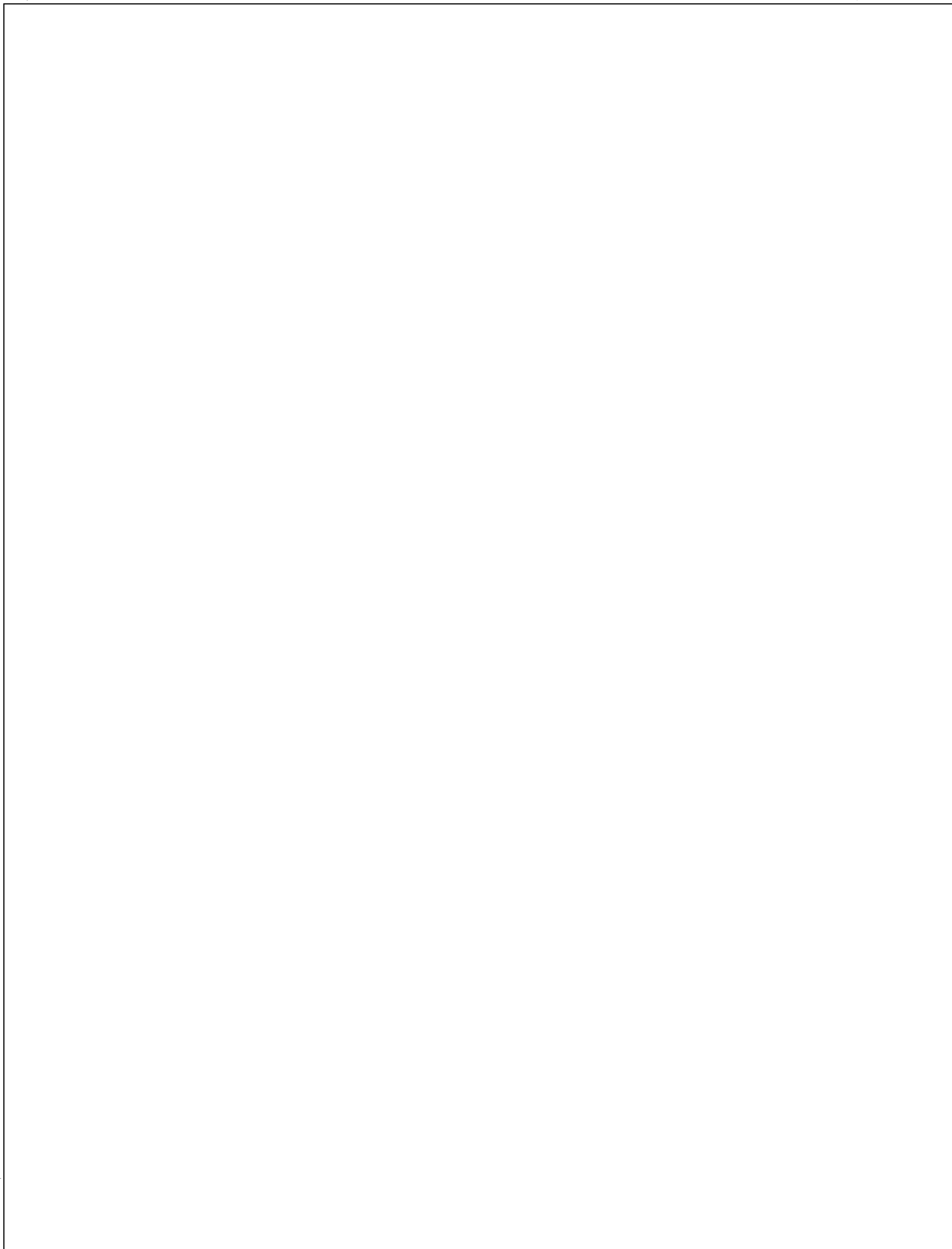
We believe Zedillo's concern over the threat traffickers pose to internal security and his desire to maintain close overall ties—especially in the realm of trade—to the United States will be key factors pressing him to follow through with a strong antidrug agenda. Counternarcotics is also important for the Mexican economy. An enhanced antidrug program—as part of a broader effort to bolster the judicial system—would signal businessmen and nervous foreign investors that the government will not permit traffickers to erode stability and launder their profits unimpeded in the financial system:

[REDACTED]

[REDACTED] Zedillo also is likely to welcome US support of any new regional antidrug initiatives and probably will claim that the United States—as a major consuming nation—is obligated to improve Mexico's antidrug capabilities.

[REDACTED]

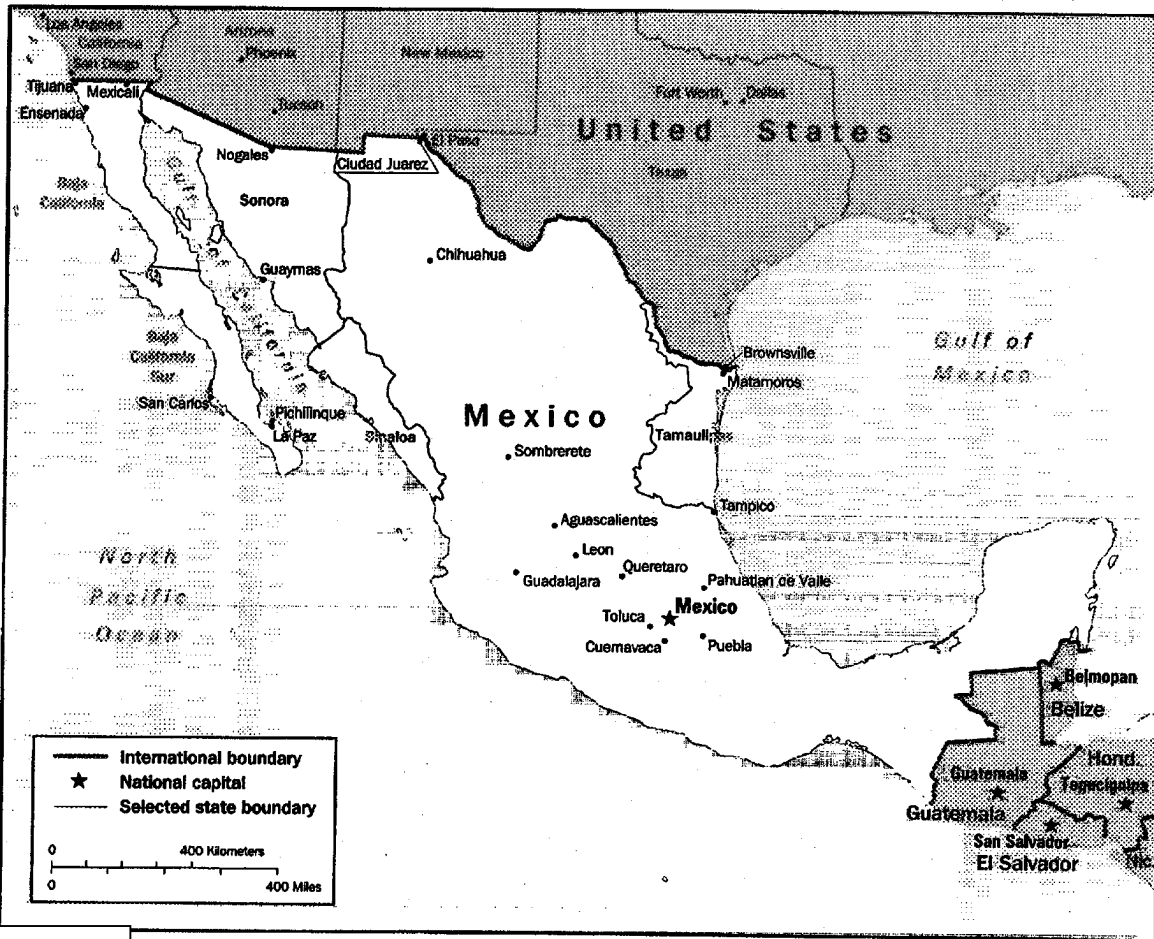





**Mexican Trafficking
Organizations: Moving From
Blue Collar to White Collar**

One of the most significant trends in the Mexican narcotics trafficking world is a concerted effort by the major Mexican kingpins to legitimize their standing in Mexican society by diversifying their economic interests and increasing their political clout.

Mexican traffickers are exhibiting a higher degree of sophistication, especially regarding investment in legitimate businesses and infrastructure projects, developing money-laundering techniques, and engaging in long-range planning. Until now, Mexican traffickers for the most part have exploited and invested in certain traditional sectors of the country's economy—most notably agriculture, ranching, and real estate—primarily to facilitate their narcotics operations.






services to and within such major Mexican cities as Mexico City, Puebla, Guadalajara, Leon, Cuernavaca, Toluca, Queretaro, and Aguascalientes. 

Narcotics traffickers will also benefit from the planned expansions of Mexico's port facilities and container movement, which will provide them other options for moving their narcotics shipments. In early 1994, American Presidential Lines (APL) and Transportation Maritima Mexicana (TMM) reached an agreement to jointly move containerized cargo between Asia and Mexico's Pacific ports. According to press reports, this agreement, which could prove advantageous to both Mexican and Asian narcotics traffickers, allows TMM to transship its cargo on APL trans-Pacific vessels operating between Asian and North American ports. As a result, TMM will be able to expand its operations into the ports of Oakland, Seattle, southern California, as well as Asia. Both companies are also planning on offering door-to-store






The Colombian Influence

We believe that the influx and influence of Colombian traffickers—many of whom serve as representatives of the major Cali organizations in Mexico—are major contributing factors to the growing economic sophistication of Mexican trafficking organizations. Rather than establish separate trafficking networks in Mexico, Colombian traffickers have worked with or have been part of the close-knit Mexican trafficking organizations. These Colombians have probably been responsible for passing on their expertise in modern international business techniques, including market analysis and the exploitation of commercial trade sectors, to the Mexican trafficking organizations. When Colombian trafficker Luis Medrano Garcia, a top lieutenant of the Juan Garcia Abrego organization, was arrested by Mexican authorities in June 1993, authorities uncovered a wealth of information on his and the organization's investment ventures. The arrest of a Cali cartel employee—an expert economist who was producing market studies to determine which exports and imports would best serve to camouflage narcotics shipments—highlights the business astuteness of the Cali cartel and the type of talent that would benefit Mexican traffickers. 

The changing business relationship between the Colombian traffickers and the major Mexican traffickers has probably fostered the latter's new economic savvy. Traditionally, Mexican traffickers—acting primarily as transportation specialists—have not shared

in drug profits but were routinely paid in cocaine by the Colombians for moving cocaine shipments through Mexico and into the United States. Now, however, some of the major Mexican kingpins are paying up front—in cash amounts approaching \$25 million—for Colombian cocaine and are taking full financial responsibility for the successful movement of the cocaine into the United States, in addition to its US distribution. This new business relationship, although increasing the Mexicans' risk for loss, provides the potential for increased profits if the narcotics operation is successful. The Mexican kingpins' increased illegal profits in turn require more sophisticated money-laundering techniques and have led them to seek a long-term investment strategy. 

The New Challenge

Mexico's narcotics traffickers are now better able to target new markets and facilitate drug shipments by taking advantage of modern international business techniques. As the Mexican traffickers invest their narcotics proceeds even more heavily in legitimate businesses, it will become more difficult for Mexican law enforcement agencies to arrest and prosecute them because legitimate business enterprises provide a buffer from the illegal side of the trade. 